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INTELLECTUAL PROPERTY

Innovation capture – identifying and protecting IP

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Intellectual property (IP) is a valuable asset, and for high-tech companies, much of that value lies in registrable rights, such as patents and designs. Yet the right to register those rights can easily be lost if the rights owner fails to identify and protect its innovation in time. When working towards a product launch under tight deadlines, IP protection can be easily overlooked. Once a product is launched, it may be too late to register for IP protection. Grace periods, which allow filing after public disclosure, exist in the US but not for Chinese or European patents. For products aimed at a global market, losing patent rights in Europe and China is a serious matter.

In devising an innovation capture strategy, the first challenge is how to recognise that an innovation is protectable. The inventors themselves may not be aware of what is patentable, or may have misconceptions. For example, it is a widely held belief that software is not patentable, but this is only true of software *per se*: as soon as the software is used for some novel technical purpose, it is potentially patentable.



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Another common misconception is that only groundbreaking inventions can be patented; inventors are often highly intelligent and creative, and set themselves standards for innovation that are much higher than the legal standards for inventive step. What is obvious to an inventor may not be obvious to a patent examiner. Groundbreaking inventions, and master patents, are also rare. The value of an IP portfolio may lie not in a few broad rights but in many narrower rights which collectively provide broad protection, and are less vulnerable to validity attacks.

Misconceptions can be addressed in several ways. An education programme on the basics of IP may be necessary, with a seminar from the legal department or external attorneys and materials that can be easily consulted afterwards. Another effective strategy is to foster a network of 'IP champions', who have experience and knowledge of IP protection but need not be legally qualified. The IP champions may be engineers or research scientists, or specialist 'IP engineers' specially recruited for the role; they act as a first point of contact for inventors, providing initial advice and assistance.

Awareness of registrable IP should extend beyond patents. Registered designs are important in many areas, such as consumer products and packaging, and may be available when patents are not. A good example is Apple's litigation with Samsung over the iPhone designs. The appearance of the iPhone was not patentable, but was protected by registered designs or design patents in the US. Registrable designs need not be aesthetic, but can protect most visible features of a product.

IP education should not be confined to the obvious candidates, such as engineers or designers. Sales and marketing teams may have valuable insights into how a product can be improved, from their direct contact with customers and their awareness of the marketplace.

Depending on the company's overall IP strategy, consideration needs to be given to how innovation is generated. Often, innovation is a by-product of the R&D programme, but this can lead to IP which only addresses the short-term interests of the company. Patents are long-term rights, and blue sky thinking or brainstorming can lead to protectable IP for the long term. Although patent applications need to describe a practical way of carrying

out an invention, this need not be a fully formed prototype, and in many technical areas it is relatively easy to describe possible implementations once an invention has been conceived.

The next issue is to ensure that protectable IP is reported so that it can be protected. Reporting should be a standard procedure that is easily accessible. For example, an intranet-based reporting tool which guides the inventor through the innovation reporting process by a series of structured questions. The IP champions have a role to play here too, acting as an interface to the legal department.

Reporting protectable IP should not require a detailed write-up, at least at the initial stage, as this may create too high a threshold. The report need only be sufficient for an initial assessment, and could just be an abstract or a rough sketch. If the idea looks promising, the inventor can always be asked for more details.

Perhaps the most difficult hurdle is how to incentivise inventors to report inventions. For engineers and scientists, innovation may be part of the job description or a performance metric, in which case innovation reporting could form part





of their performance appraisal. More commonly, innovation reporting is seen as extra work. It takes time to write up an invention and answer questions from the legal team or patent attorney. This extra work needs to be rewarded in some way, such as a bonus to be paid for reporting an invention that passes initial assessment or on the first filing of a patent application for the invention.

A further payment may be made on successful grant of a patent for the invention, but this may be less of an incentive to inventors. A grant may not occur for several years and may be subject to circumstances beyond the inventor's control, such as objections raised in examination or the company's overall IP strategy. Inventor rewards need not be financial. Recognition can be valuable to an

inventor, particularly when expressed in concrete form such as a ceremony, a framed copy of the front page of the patent or a plaque.

Inventor reward schemes suffer from a problem inherent in any financial incentive: you get whatever you pay for. For example, a scheme that strongly incentivises innovation reporting without proper scrutiny could result in a flood of trivial inventions. If each inventor gets the same reward regardless of their number, you may see the whole department named as inventors. This becomes a problem when each inventor needs to be reached months or years later to sign forms, such as declaration forms for the US.

Any innovation capture process needs a filter to identify IP that is commercially worth protecting and is

likely to be protectable. For potentially patentable inventions, at least some prior art searching is advisable. This can be carried out by the inventors if suitably trained or outsourced to patent searchers. Search results help identify the scope of invention that can be protected and guide the patent drafting process.

Finally, innovation capture must be constrained by budget. Patent filing is expensive and few companies can afford to protect everything that an innovation capture process will generate. However, with effective filtering, an effective innovation capture strategy should ensure that valuable IP is protected and value to the company is maximised. ■